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PLR-149930-06

Date:

March 20, 2007

In Re:

Legend

Distributing =

Distributing Group =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 11 =

FSub 1 =

FSub 2 =

FSub 5 =

FSub 12 =

FSub 13 =

FSub 14 =

FSub 15 =

FSub 16 =

FSub 17 =

FSub 19 =

New LLC =

Controlled =

New FSub C =

New FSub D =

New FSub E =

New FSub F =

New FSub G =

New FSub H =

New FSub J =

Region 1 =

Region 2 =

Business A =

PLR-149930-06 4

Business B =

Business C =

State A =

FSub 1 Business C Entities =

e =

f =

g =

h =

i =

k =

m =

n =

o =

p =

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Country H =

Country I =

Country J =

Country K =

APA =

Month =

Date 2 =

Date 3 =

D =

Shareholder Buyback Payments =

Preferred =

Dear

This letter responds to your request dated October 23, 2006 for rulings concerning the Federal income tax consequences of a series of proposed transactions (the "Proposed Transaction"). Additional information was provided in subsequent supplemental submissions. The facts submitted are summarized below. Unless otherwise indicated, references herein to code sections and regulation sections are to the applicable Internal Revenue Code and Income Tax Regulations.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the New FSub C Split-off, the New FSub D Split-off, and the Spin-off (each defined below) (i) satisfy the business purpose requirement of section 1.355-2(b) of the Income Tax Regulations, (ii) are used principally as a device for the distribution of the earnings and profits of the distributing corporations or the controlled corporations or both (see section 355(a)(1)(B) of the Internal Revenue Code and section 1.355-2(d)), or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporations or the controlled corporations (see section 355(e) and section 1.355-7).

Summary of Facts

Distributing is a publicly traded corporation and the common parent of a consolidated group of corporations (the "Distributing Group"). Distributing has no i shareholders. Distributing is engaged, through its subsidiaries, in Business A, Business B (together the "Retained Businesses"), and Business C.

Distributing directly wholly owns Sub 3, a State A holding company. In the United States, Distributing conducts its Retained Businesses through subsidiaries of Sub 3. Sub 3 indirectly wholly owns Sub 1. Distributing, through Sub 1 and its subsidiaries, will have been engaged in Business A throughout the five year period ending on the date of the distribution of Controlled.

In the United States, Distributing conducts Business C through directly and wholly owned subsidiaries of Sub 3 (i.e., Sub 6, Sub 7, and Sub 2) and Sub 8 and Sub 9, wholly owned subsidiaries of Sub 2. Sub 2, Sub 6, Sub 7, Sub 8, and Sub 9 are collectively referred to as the "US Business C Subsidiaries."

Distributing will form Controlled for the purpose of facilitating the Proposed Transaction. At the time of the proposed spin-off, Controlled will own subsidiaries engaged in Business C, including Sub 2. Sub 2 will have been engaged in Business C throughout the five year period ending on the date of the distribution of Controlled

Distributing operates the Retained Businesses in Region 1 and Region 2 principally through its indirect, wholly owned subsidiary, FSub 1. FSub 1 is owned e percent directly by Distributing, f percent directly and indirectly by Sub 3, and g percent by Sub 9. FSub 1 will have been directly engaged in Business A throughout the five year period ending on the date of the distribution of New FSub C.

Distributing currently operates Business C in Region 1 and Region 2 principally through FSub 5 (a disregarded entity owned entirely by FSub 2) and other entities (the "FSub 1 Business C Entities") all of which are wholly owned by FSub 1. FSub 1 will form a new Country H holding company ("New FSub C"). At the time of New FSub C's distribution, New FSub C will directly own and operate the portion of Business C currently operated by the FSub 1 Business C Entities. At such time, FSub 5 will have been engaged in Business C throughout the five year period ending on the date of the distribution of New FSub C

Distributing operates Business C in Country I through three subsidiaries, FSub 12, a Country I corporation that is directly and wholly owned by Distributing, and FSub 12's two directly and wholly owned Country I subsidiaries, FSub 13 and FSub 14. (FSub 13 and FSub 14 are the "Country I Business C Subsidiaries"). FSub 12 is directly engaged in both the Retained Businesses and Business C, while the Country I Business C Subsidiaries are engaged solely in Business C. FSub 12 has been directly engaged in Business A for more than five years.

FSub 12 will form a new Country I corporation ("New FSub D"), which will acquire the Business C operations directly held by FSub 12 and will acquire FSub 12's Country I Business C Subsidiaries. FSub 13 will have been engaged in the Country I operations of Business C throughout the five year period ending on the date of the distribution of New FSub D.

Distributing operates Business C in Country J through FSub 15, a Country J company wholly owned by FSub 16, which is a Country K company disregarded as an entity separate from its sole owner for Federal income tax purposes. FSub 16 is wholly owned by FSub 17, a corporation that is resident for tax purposes in both Country K and the United States. Distributing owns m of the n outstanding shares of FSub 17. Of the remaining shares, o is owned by Sub 3, p are owned in trust for Distributing and q are owned by unrelated third parties.

Distributing has submitted financial information indicating that the Retained Businesses (as conducted by FSub 1, FSub 12, and Sub 1) and Business C (as conducted by FSub

5, FSub 13, and Sub 2) each had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Distributing has decided to separate Business C from the Retained Businesses for what it represents to be valid business purposes.

Proposed Transaction

Taxpayer proposes the following Proposed Transaction:

The New FSub C Split-off

(1) A number of entities owned by FSub 1, all of which are intended to be disregarded for Federal income tax purposes, will undergo a restructuring. Distributing has not requested rulings on the restructuring of these entities.

(2) FSub 1 will form a new Country H holding company, New FSub C, and will contribute the FSub 1 Business C Entities to New FSub C (the “Country H Contribution”). New FSub C will be treated as an association taxable as a corporation for Federal income tax purposes.

(3) Each of the shareholders in FSub 1 other than Sub 9 will contribute its shares of FSub 1 to a newly formed Country H holding company (“New FSub E”) solely in exchange for shares of New FSub E (the “New FSub E Contribution”). Those shareholders will enter into gain recognition agreements in accordance with sections 1.367(a)-3(b) and 1.367(a)-8 (each, a “GRA”) with respect to the contributions.

(4) Sub 9 will form a new Country H holding company, New FSub F, to which it will contribute its g percent interest in FSub 1 (the “New FSub F Contribution”) solely in exchange for shares of New FSub F. Sub 9 will enter into a GRA with respect to the contribution.

(5) FSub 1 will distribute all the shares of New FSub C to New FSub F in exchange for New FSub F’s entire g percent interest in FSub 1 (the “New FSub C Split-off”). Following this transaction, Sub 9 will wholly own New FSub F, which, in turn, will wholly own New FSub C, and Sub 9 will have no further interest (direct or indirect) in FSub 1.

The Sub 3 Liquidation

(6) Sub 3 will contribute all of the shares of Sub 6 to Sub 2 solely in exchange for stock of Sub 2 (the “Sub 2 Contribution”).

(7) Sub 3 will convert under State A law from a State A corporation into a State A limited liability company (the “Sub 3 Liquidation”).

The Formation of New LLC

(8) Distributing will form New LLC, a State A limited liability company, intended to be disregarded as an entity separate from Distributing for Federal income tax purposes under section 301.7701-3.

(9) Distributing will contribute all the shares of the US Business C Subsidiaries and its wholly owned subsidiary, FSub 19, to New LLC in a transaction that is intended to be disregarded for Federal income tax purposes.

The New FSub G Transactions

(10) FSub 15 will form a new Country J company ("New FSub G") and will contribute the Country J Business C assets to New FSub G solely in exchange for shares of New FSub G (the "New FSub G Contribution").

(11) FSub 15 will distribute all the shares of New FSub G to FSub 16 (the "New FSub G Distribution").

(12) FSub 17's ability to make a distribution to Distributing is restricted by Country K law. Therefore, FSub 16 will sell the shares of New FSub G to New LLC (the "New FSub G Transfer"). Collectively, the New FSub G Contribution, the New FSub G Distribution, and the New FSub G Transfer are called the "New FSub G Transactions."

The New FSub D Split-off

(13) New LLC will form a Country I entity, New FSub H, which will elect to be treated as an association taxable as a corporation for Federal income tax purposes. Pursuant to a three-party arrangement among Distributing, New LLC, and New FSub H, Distributing will transfer between r and y percent of the FSub 12 shares directly to New FSub H (the "New FSub H Contribution"); New FSub H will issue shares in its capital stock directly to New LLC; and New LLC will issue membership interests directly to Distributing. The purpose of structuring the transaction (the "Country I Transaction") in this manner is to comply with certain Country I legal requirements. Distributing will enter into a GRA with respect to its contribution of FSub 12 shares to New FSub H.

(14) Distributing will form a new Country I corporation ("New FSub J") to which it will contribute its remaining shares in FSub 12 (the "New FSub J Contribution"). Distributing will enter into a GRA with respect to the New FSub J Contribution.

(15) FSub 12 will form a new Country I corporation, New FSub D. FSub 12 will then contribute the Country I Business C assets (including its own Business C division and the stock of FSub 13 and FSub 14), as well as approximately \$s held by FSub 12 (the "Country I Cash"), to New FSub D (the "Country I Contribution") in exchange for New FSub D's assumption of \$ k of FSub 12's liabilities and shares of New FSub D.

(16) FSub 12 will transfer its entire interest in New FSub D to New FSub H in exchange for shares of New FSub H stock. FSub 12 will redeem its shares held by New FSub H in exchange for a promissory note (Note 1) to New FSub H. New FSub H will redeem its shares held by FSub 12 in exchange for a promissory note (Note 2) of equal face amount and value to Note 1 (the “New FSub D Split-off”). Note 1 and Note 2 will be set off and cancelled as having been paid in full.

Incorporation of Controlled

(17) New LLC will convert under State A law into a State A corporation, Controlled. Taxpayer requests that the conversion be treated as if Distributing contributed the US Business C Subsidiaries, New FSub G, and FSub 19 to Controlled for Federal income tax purposes (the “Controlled Contribution”). The Controlled Contribution will include former assets of Sub 3 that made up no more than h percent of Sub 3’s total net value immediately before the Sub 3 Liquidation. It is anticipated that no liabilities will be assumed by Controlled in connection with the conversion.

The Spin-off and the Cash Distributions

(18) New FSub D will distribute \$t of the Country I Cash (the “Distributed Portion”) to New FSub H, which will, in turn, distribute the Distributed Portion to Controlled.

(19) Controlled will borrow from one or more third parties \$y in cash (the “Borrowed Cash” and, together with the Distributed Portion, the “Controlled Cash”).

(20) In connection with the approval of the Spin-off and in anticipation of the receipt of the Controlled Cash, Distributing’s Board of Directors authorized a z-share increase in its share buyback program. Prior to the Spin-Off, Distributing will make a public announcement committing itself to make Shareholder Buyback Payments with the Controlled Cash. Such share repurchases shall be completed within x months of the proposed distribution of Controlled (the “Permitted Time Frame”).

(21) Controlled will distribute the Controlled Cash to Distributing. The distribution qualifies as a dividend under state law.

(22) Distributing will distribute the Controlled stock pro rata to its shareholders (the “Spin-off”). Distributing will distribute a pro rata share of unrestricted Controlled shares (the “Unrestricted Controlled Shares”) to certain employees of Distributing who hold shares of Distributing stock that are subject to a substantial risk of forfeiture within the meaning of section 83. Within a period of time not to exceed the Permitted Time Frame following the Spin-off, Distributing will make Shareholder Buyback Payments to participating shareholders.

Agreements

(23) As part of the Proposed Transaction, Distributing and Controlled and their respective subsidiaries will enter into transitional services agreements (the “Transitional Services Agreements”) for a period not to exceed one year following the Spin-off. The terms of the Transitional Services Agreements state that compensation will be made on a cost basis. Distributing and Controlled (and respective subsidiaries, as applicable) will enter into certain other contractual relationships (collectively, the “Continuing Agreements”) which shall be negotiated at arms’ length. Distributing and Controlled (and their respective subsidiaries) will also enter into a tax sharing and allocation agreement (“Tax Sharing Agreement”). Distributing and FSub 12 are negotiating APA with relevant taxing authorities.

Representations

Taxpayer has made the following representations concerning the Proposed Transaction:

The New FSub C Split-off

(1a) The indebtedness owed by New FSub C to FSub 1, if any, after the New FSub C Split-off will not constitute stock or securities.

(1b) The fair market value of the New FSub C stock to be received by New FSub F will be approximately equal to the fair market value of the FSub 1 stock surrendered by New FSub F in the exchange.

(1c) No part of the consideration to be distributed by FSub 1 will be received by New FSub F as a creditor, employee, or in any capacity other than that of a shareholder of FSub 1.

(1d) The 5 years of financial information submitted on behalf of FSub 1 is representative of FSub 1’s present operation, and with regard to FSub 1, there have been no substantial operational changes since the date of the last financial statements submitted.

(1e) The 5 years of financial information submitted on behalf of FSub 5 (a disregarded entity owned entirely by New FSub C) is representative of FSub 5’s present operation, and with regard to FSub 5, there have been no substantial operational changes since the date of the last financial statements submitted.

(1f) Following the transaction, FSub 1 and New FSub C (through the business of FSub 5) will each continue the active conduct of its business, independently and with its separate employees.

(1g) The distribution of the stock, or stock and securities, of New FSub C is carried out for the following corporate business purposes: to facilitate the Spin-off (Step 22).

(1h) The New FSub C Split-off is not used principally as a device for the distribution of the earnings and profits of FSub 1 or New FSub C or both.

(1i) There is no plan or intention to liquidate either FSub 1 or New FSub C, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the New FSub C Split-off, except in the ordinary course of business.

(1j) For purposes of section 355(d), immediately after the New FSub C Split-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 1 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 1 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub C Split-off.

(1k) For purposes of section 355(d), immediately after the New FSub C Split-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of New FSub C stock entitled to vote, or 50 percent or more of the total value of shares of all classes of New FSub C stock, that was either (i) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub C Split-off or (ii) attributable to distributions on FSub 1 stock or securities that were acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub C Split-off.

(1l) The total adjusted basis and the fair market value of the assets transferred to New FSub C in the Country H Contribution will equal or exceed the sum of (i) the total of any liabilities assumed (within the meaning of section 357(d)) by New FSub C and (ii) the total amount of any money and the fair market value of any other property (within the meaning of section 361(b)) received by FSub 1 and transferred to its creditors in connection with the reorganization.

(1m) The liabilities to be assumed (as determined under section 357(d)) by New FSub C in the Country H Contribution, if any, were incurred in the ordinary course of business and are associated with the assets being transferred.

(1n) The total fair market value of the assets transferred to New FSub C by FSub 1 in the Country H Contribution will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of section 357(d)) by New FSub C in connection with

the exchange, (ii) the amount of any liabilities owed to New FSub C by FSub 1 that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under section 361(a) without the recognition of gain) received by FSub 1 in connection with the exchange. The fair market value of the assets of New FSub C will exceed the amount of its liabilities immediately after the exchange.

(1o) The aggregate fair market value of the assets of FSub 1 transferred to New FSub C in the Country H Contribution will equal or exceed the aggregate adjusted basis of these assets.

(1p) FSub 1 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the New FSub C Split-off.

(1q) No intercorporate debt will exist between FSub 1 and New FSub C at the time of, or subsequent to, the distribution of the New FSub C stock.

(1r) Except for the Transitional Services Agreements, all payments made in connection with all continuing transactions, if any, between FSub 1 (and/or any entity owned by FSub 1) and New FSub C (and/or any entity owned by New FSub C), will be for fair market value based on terms and conditions arrived at by the parties bargaining at arms' length. The Transitional Services Agreements state that services provided under the agreement will be compensated on a cost basis. To the extent that compensation under the Transitional Services Agreements does not represent fair market value, adjustments will be made to reflect any difference between the true fair market value and the amount of any payment made by the Controlled Group to the Distributing Group, as if such transaction were a contribution or distribution, as the case may be, occurring before the Proposed Transaction.

(1s) No two parties to the transaction are investment companies as defined in sections 368(a)(2)(F)(iii) and (iv).

(1t) Immediately after the New FSub C Split-off, less than 75 percent of FSub 1's assets will be investment assets (as defined in section 355(g)(2)(B), including the 20-percent look-through rule of section 355(g)(2)(B)(iv)).

(1u) Immediately after the New FSub C Split-off, less than 75 percent of New FSub C's assets will be investment assets (as defined in section 355(g)(2)(B), including the 20-percent look-through rule of section 355(g)(2)(B)(iv)).

(1v) The New FSub C Split-off is not part of a plan or series of related transactions (within the meaning of section 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest

(within the meaning of section 355(d)(4)) in FSub 1 or New FSub C (including any predecessor or successor of any such corporation).

(1w) FSub 1's transfer of the FSub 1 Business C Entities to New FSub C in exchange for all the stock of New FSub C in the Country H Contribution is not an exchange described in sections 1.367(b)-4(b)(1)(i), -4(b)(2)(i), or -4(b)(3).

(1x) FSub 1 and New FSub C will be controlled foreign corporations, within the meaning of section 957(a), immediately before and after the New FSub C Split-off.

(1y) Distributing, Sub 3, and Sub 4 will be section 1248 shareholders, within the meaning of section 1.367(b)-2(b), with respect to each of FSub 1 and New FSub C immediately before the New FSub C Split-off. Distributing, Sub 3, and Sub 4 will be section 1248 shareholders with respect to FSub 1 immediately after the New FSub C Split-off, and Sub 9 will be a section 1248 shareholder with respect to New FSub C immediately after the New FSub C Split-off.

(1z) FSub 1 and New FSub C will not be passive foreign investment companies ("PFICs") within the meaning of section 1297(a) immediately before or after the New FSub C Split-off.

(1aa) New FSub C will not hold any United States real property interests ("USRPIs"), as defined in section 897(c)(1), immediately before or after the New FSub C Split-off.

(1bb) The New FSub E Contribution will qualify under section 351.

(1cc) Distributing, Sub 3, and Sub 4 will enter into gain recognition agreements in accordance with sections 1.367(a)-3(b) and 1.367(a)-8 with respect to the transfer of their shares of FSub 1 to New FSub E in the New FSub E Contribution.

(1dd) The New FSub F Contribution will qualify under section 351.

(1ee) Sub 9 will enter into a gain recognition agreement in accordance with sections 1.367(a)-3(b) and 1.367(a)-8 with respect to the transfer of its shares of FSub 1 to New FSub F in the New FSub F Contribution.

The Sub 3 Liquidation

(2a) Distributing, on the date of adoption of the plan of liquidation, and at all times until the final liquidating distribution is completed, will be the owner of at least 80 percent of the total combined voting power of all classes of stock of Sub 3 entitled to vote and the owner of at least 80 percent of the total value of all classes of stock (excluding nonvoting stock that is limited and preferred as to dividends and otherwise meets the requirements of section 1504(a)(4) of the Code).

(2b) No shares of Sub 3 stock will have been redeemed during the 3 years preceding the adoption of the plan of complete liquidation of Sub 3, except for bb shares of Sub 3's Preferred, which were issued to Sub 11, a subsidiary of Distributing, in Month and were redeemed on Date 2. Sub 11 was subsequently liquidated.

(2c) The deemed distributions from Sub 3 to Distributing pursuant to the plan of complete liquidation will be made at the time of the State A law conversion of Sub 3 from a state law corporation into a limited liability company.

(2d) As soon as Sub 3 is converted from a State A corporation into a limited liability company Sub 3 will cease to be a separate entity for Federal income tax purposes.

(2e) In the 3 year period prior to the adoption of the plan of liquidation, Distributing contributed \$u to the capital of Sub 3. Other than the acquisition of the \$u and a de minimis amount (not to exceed \$w), Sub 3 will not have acquired assets in any nontaxable transaction at any time, except for acquisitions occurring more than 3 years prior to the date of adoption of the plan of liquidation.

(2f) Except for Distributing's deemed contribution of no more than h percent of Sub 3's former assets to Controlled (as described in Step (17)), no assets of Sub 3 have been, or will be, disposed of by either Sub 3 or Distributing except for dispositions in the ordinary course of business and dispositions occurring more than 3 years prior to adoption of the plan of liquidation. In determining h percent, the value of Sub 3 immediately before its deemed liquidation is reduced by \$u.

(2g) Prior to adoption of the liquidation plan, no assets of Sub 3 will have been distributed in kind, transferred, or sold to Distributing, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than 3 years prior to adoption of the liquidation plan.

(2h) Sub 3 will report all earned income represented by assets that will be distributed to its shareholders such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

(2i) The fair market value of the assets of Sub 3 will exceed its liabilities both at the date of the adoption of the plan of complete liquidation and immediately prior to the time the first liquidating distribution is made.

(2j) There is no intercorporate debt existing between Distributing and Sub 3 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than 3 years prior to the date of adoption of the liquidation plan.

(2k) Distributing is not an organization that is exempt from Federal income tax under section 501 or any other provision of the Code.

(2l) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, the proposed liquidation of Sub 3 have been fully disclosed.

The New FSub G Transactions

(3a) The Sub 2 Contribution will qualify under section 351.

(3b) FSub 17 would be prevented from distributing the New FSub G stock to Distributing under Country K law.

The New FSub D Split-off

(4a) The indebtedness owed by New FSub D to FSub 12, if any, after the New FSub D Split-off will not constitute stock or securities.

(4b) The fair market value of the New FSub D stock and other consideration to be received by New FSub H will be approximately equal to the fair market value of the FSub 12 stock surrendered by New FSub H in the exchange.

(4c) No part of the consideration to be distributed by FSub 12 will be received by New FSub H as a creditor, employee, or in any capacity other than that of a shareholder of FSub 12.

(4d) The 5 years of financial information submitted on behalf of FSub 12 is representative of FSub 12's present operation, and with regard to FSub 12, there have been no substantial operational changes since the date of the last financial statements submitted.

(4e) The 5 years of financial information submitted on behalf of the business conducted by FSub 13 (a member of the New FSub D separate affiliated group ("SAG" as defined in section 355(b)(3)(B)) is representative of the present operations of the business, and there have been no substantial operational changes since the date of the last financial statements submitted. FSub 13 will be, immediately before and after the New FSub D Split-off, affiliated with New FSub D in a manner that satisfies section 1504(a), without regard to section 1504(b).

(4f) Following the New FSub D Split-off, FSub 12 and the New FSub D SAG will each continue the active conduct of their respective businesses, independently and with their separate employees.

(4g) The distribution of the stock, or stock and securities, of New FSub D is carried out for the following corporate business purpose: to facilitate the Spin-off (Step 22).

(4h) The New FSub D Split-off is not used principally as a device for the distribution of the earnings and profits of FSub 12 or New FSub D or both.

(4i) There is no plan or intention to liquidate either FSub 12 or New FSub D, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the New FSub D Split-off, except in the ordinary course of business.

(4j) For purposes of section 355(d), immediately after the New FSub D Split-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 12 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 12 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub D Split-off.

(4k) For purposes of section 355(d), immediately after the New FSub D Split-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of New FSub D stock entitled to vote, or 50 percent or more of the total value of shares of all classes of New FSub D stock, that was either (i) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub D Split-off or (ii) attributable to distributions on FSub 12 stock or securities that were acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the New FSub D Split-off.

(4l) The total adjusted basis and the fair market value of the assets transferred to New FSub D in the Country I Contribution will equal or exceed the sum of (i) the total liabilities assumed (within the meaning of section 357(d)) by New FSub D and (ii) the total amount of any money and the fair market value of any other property (within the meaning of section 361(b)) received by FSub 12 and transferred to its creditors in connection with the reorganization.

(4m) The liabilities to be assumed (as determined under section 357(d)) by New FSub D in the Country I Contribution, if any, were incurred in the ordinary course of business and are associated with the assets being transferred.

(4n) The total fair market value of the assets transferred to New FSub D in the Country I Contribution will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of section 357(d)) by New FSub D in connection with the exchange, (ii) the amount of any liabilities owed to New FSub D by FSub 12 that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under section 361(a) without the recognition of gain) received by FSub 12 in connection with the exchange. The fair market value of the assets of New FSub D will exceed the amount of its liabilities immediately after the exchange.

(4o) The aggregate fair market value of the assets of FSub 12 transferred in the Country I Contribution will equal or exceed the aggregate adjusted basis of these assets.

(4p) FSub 12 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the New FSub D Split-off.

(4q) No intercorporate debt will exist between FSub 12 and New FSub D at the time of, or subsequent to, the distribution of the New FSub D stock.

(4r) Except for the Transitional Services Agreements, all payments made in connection with all continuing transactions, if any, between FSub 12 (and/or any entity owned by FSub 12) and New FSub D (and/or any entity owned by New FSub D), will be for fair market value based on terms and conditions arrived at by the parties bargaining at arms' length. The Transitional Services Agreements state that services provided under the agreement will be compensated on a cost basis. To the extent that compensation under the Transitional Services Agreements does not represent fair market value, adjustments will be made to reflect any difference between the true fair market value and the amount of any payment made by the Controlled Group to the Distributing Group, as if such transaction were a contribution or distribution, as the case may be, occurring before the Proposed Transaction.

(4s) No two parties to the transaction are investment companies as defined in sections 368(a)(2)(F)(iii) and (iv).

(4t) Immediately after the New FSub D Split-off, either (1) no person will hold a 50-percent or greater interest (within the meaning of section 355(g)(3)) in FSub 12, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) FSub 12 will not be a disqualified investment corporation (within the meaning of section 355(g)(2)).

(4u) Immediately after the New FSub D Split-off, less than 75 percent of New FSub D's assets will be investment assets (as defined in section 355(g)(2)(B), including the 20-percent look-through rule of section 355(g)(2)(B)(iv)).

(4v) The New FSub D Split-off is not part of a plan or series of related transactions (within the meaning of section 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of section 355(d)(4)) in FSub 12 or New FSub D (including any predecessor or successor of any such corporation).

(4w) FSub 12's transfer of the Country I Business C Subsidiaries to New FSub D in exchange for all the stock of New FSub D in the Country I Contribution is not an exchange described in sections 1.367(b)-4(b)(1)(i), -4(b)(2)(i), or -4(b)(3).

(4x) FSub 12 and New FSub D will be controlled foreign corporations, within the meaning of section 957(a), immediately before and after the New FSub D Split-off.

(4y) Distributing will be a section 1248 shareholder, within the meaning of section 1.367(b)-2(b), with respect to each of FSub 12 and New FSub D immediately before the New FSub D Split-off. Distributing will be a section 1248 shareholder with respect to FSub 12 immediately after the New FSub D Split-off, and Distributing and New FSub H will be section 1248 shareholders with respect to New FSub D immediately after the New FSub D Split-off.

(4z) FSub 12 and New FSub D will not be PFICs within the meaning of section 1297(a) immediately before or after the New FSub D Split-off.

(4aa) New FSub D will not hold any USRPIs, as defined in section 897(c)(1), immediately before or after the New FSub D Split-off.

(4bb) The New FSub J Contribution will qualify under section 351.

(4cc) Distributing will enter into a gain recognition agreement in accordance with sections 1.367(a)-3(b) and 1.367(a)-8 with respect to the transfer of its shares of FSub 12 to New FSub J in the New FSub J Contribution.

(4dd) The New FSub H Contribution will qualify under section 351.

(4ee) Distributing will enter into a gain recognition agreement in accordance with sections 1.367(a)-3(b) and 1.367(a)-8 with respect to the transfer of its shares of FSub 12 to New FSub H in the New FSub H Contribution.

The Spin-off

(5a) The indebtedness owed by Controlled to Distributing, if any, after the Spin-off will not constitute stock or securities.

(5b) No part of the consideration to be distributed by Distributing will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing, except Unrestricted Controlled Shares, which shares will not represent more than 20 percent of all stock of Controlled.

(5c) The five years of financial information submitted on behalf of the business conducted by Sub 1 (a member of the Distributing separate affiliated group ("SAG" as defined in section 355(b)(3)(B)) is representative of the present operations of that business, and there have been no substantial operational changes in the business since

the date of the last financial statements submitted. Sub 1 is, and immediately after the Spin-off will be, affiliated with Distributing in a manner that satisfies section 1504(a), without regard to section 1504(b).

(5d) Except as described below, the five years of financial information submitted on behalf of the businesses conducted by Sub 2 (a member of the Controlled separate affiliated group ("SAG" as defined in section 355(b)(3)(B)) is representative of the present operations of that business, and there have been no substantial operational changes in the business since the date of the last financial statements submitted. On Date 3, the D business previously conducted directly by Sub 2 and reflected in Sub 2's financial statements was contributed to a wholly owned subsidiary of Sub 2. Sub 2 is, and immediately after the Spin-off will be, affiliated with Controlled in a manner that satisfies section 1504(a), without regard to section 1504(b).

(5e) Following the transaction, the Distributing SAG and the Controlled SAG will each continue the active conduct of its business, independently and with its separate employees.

(5f) The distribution of the stock, or stock and securities, of Controlled is carried out for the following corporate business purpose: to enable the management of Distributing and Controlled to better respond to the different requirements of the Retained Businesses and Business C, which have inherently different growth characteristics, capital requirements and investment attributes. The distribution of the stock, or stock and securities, of Controlled is motivated, in whole or substantial part, by this corporate business purpose.

(5g) The Spin-off is not used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both.

(5h) There is no plan or intention to liquidate either Distributing or Controlled, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Spin-off, except in the ordinary course of business.

(5i) For purposes of section 355(d), immediately after the Spin-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Spin-off.

(5j) For purposes of section 355(d), immediately after the Spin-off, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock,

that was either (i) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Spin-off or (ii) attributable to distributions on Distributing stock or securities that were acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Spin-off.

(5k) The total adjusted basis and the fair market value of the assets transferred to Controlled in the Controlled Contribution will equal or exceed the sum of (i) the total liabilities assumed (within the meaning of section 357(d)) by Controlled and (ii) the total amount of any money and the fair market value of any other property (within the meaning of section 361(b)) received by Distributing and transferred to its creditors in connection with the reorganization.

(5l) The liabilities to be assumed (as determined under section 357(d)) by Controlled in the Controlled Contribution, if any, were incurred in the ordinary course of business and are associated with the assets being transferred.

(5m) The total fair market value of the assets transferred to Controlled in the Controlled Contribution will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of section 357(d)) by Controlled in connection with the exchange, (ii) the amount of any liabilities owed to Controlled by Distributing that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under section 361(a) without the recognition of gain) received by Distributing in connection with the exchange. The fair market value of the assets of Controlled will exceed the amount of its liabilities immediately after the exchange.

(5n) The aggregate fair market value of the assets of Distributing transferred in the Controlled Contribution will equal or exceed the aggregate adjusted basis of these assets.

(5o) The Controlled Cash will be used for Shareholder Buyback Payments within the Permitted Time Frame

(5p) The creditors of Controlled will rely exclusively on the assets and income of Controlled to repay and service the debt for the Borrowed Cash.

(5q) Distributing will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the Spin-off.

(5r) No intercorporate debt will exist between Distributing and Controlled at the time of, or subsequent to, the distribution of the Controlled stock.

(5s) Immediately before the Spin-off, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction

regulations (See section 1.1502-13 and section 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect; section 1.1502-13 as published by T.D. 8597). Further, Distributing's excess loss account with respect to the Controlled stock, if any, will be included in income immediately before the Spin-off (See section 1.1502-19). Any excess loss account of a member of the Controlled group in the stock of another member that is required to be taken into account by section 1.1502-19 will be included in income immediately before the Distribution. Finally, at the time of the Distribution, Distributing will not have an excess loss account in the stock of Controlled.

(5t) Except for the Transitional Services Agreements, all payments made in connection with all continuing transactions, if any, between Distributing (and/or any entity owned by Distributing) and Controlled (and/or any entity owned by Controlled), will be for fair market value based on terms and conditions arrived at by the parties bargaining at arms' length. The Transitional Services Agreements state that services provided under the agreement will be compensated on a cost basis. To the extent that compensation under the Transitional Services Agreements does not represent fair market value, adjustments will be made to reflect any difference between the true fair market value and the amount of any payment made by the Controlled Group to the Distributing Group, as if such transaction were a contribution or distribution, as the case may be, occurring before the Proposed Transaction.

(5u) No two parties to the transaction are investment companies as defined in sections 368(a)(2)(F)(iii) and (iv).

(5v) The Spin-off is not part of a plan or series of related transactions (within the meaning of section 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of section 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of any such corporation).

(5w) Payments in respect of the Borrowed Cash will be made solely by Controlled to the lenders of the Borrowed Cash and not by any of Controlled's subsidiaries.

(5x) New FSub D will distribute the Country I Cash to New FSub H, New FSub H will distribute the Country I Cash to Controlled, and Controlled will distribute the Country I Cash to Distributing before the Spin-off.

(5y) The amount of the Controlled Cash will be no greater than the aggregate adjusted tax bases of the assets deemed transferred to Controlled in Step Four, reduced by any liabilities assumed.

Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows:

The New FSub C Split-off

- (1) The Country H Contribution, followed by the New FSub C Split-off, will be a reorganization under section 368(a)(1)(D). FSub 1 and New FSub C will each be “a party to the reorganization” under section 368(b).
- (2) FSub 1 will recognize no gain or loss on the Country H Contribution. Sections 357(a) and 361(a).
- (3) New FSub C will recognize no gain or loss on its receipt of assets from FSub 1 in the Country H Contribution. Section 1032(a).
- (4) New FSub C’s basis in each asset of the FSub 1 Business C Entities received from FSub 1 will equal the basis of that asset in the hands of FSub 1 immediately before the Country H Contribution. Section 362(b).
- (5) New FSub C’s holding period in each asset of the FSub 1 Business C Entities received from FSub 1 will include the period during which FSub 1 held that asset. Section 1223(2).
- (6) FSub 1 will recognize no gain or loss on the New FSub C Split-off. Section 361(c)(1).
- (7) New FSub F will recognize no gain or loss (and will not include any amount in income) on the New FSub C Split-off. Section 355(a)(I).
- (8) New FSub F’s basis in the stock of New FSub C after the New FSub C Split-off will equal the aggregate basis of the FSub 1 stock that New FSub F held immediately before the New FSub C Split-off. Section 358(a).
- (9) New FSub F’s holding period in the stock of New FSub C received in the New FSub C Split-off will include the holding period of the stock of FSub 1 for which the stock of New FSub C is exchanged, provided that New FSub F held such FSub 1 stock as a capital asset on the date of the New FSub C Split-off. Section 1223(1).
- (10) FSub 1 and New FSub C will allocate their earnings and profits, if any, in accordance with Section 312(h) and section 1.312-10(a).
- (11) FSub 1’s transfer of its assets to New FSub C in the Country H Contribution will be an exchange to which sections 1.367(b)-1(c) and 1.367(b)-4(a) apply.
- (12) FSub 1’s transfer of the New FSub C stock to New FSub F is a distribution to which sections 1.367(b)-1(c), 1.367(b)-5(a), 1.367(b)-5(d) and 1.367(b)-5(f) apply. If New FSub E’s or New FSub F’s postdistribution amount with respect to FSub 1 or New FSub C is less than New FSub E’s or New FSub F’s predistribution amount with respect to FSub 1 or New FSub C, New FSub E or New FSub F or both must include such amount

in income as a deemed dividend from such corporation. Such income shall not be foreign personal holding company income under Section 954(c). Any basis increase provided in Section 1.367(b)-2(e)(3)(ii) shall apply to a deemed dividend that is included in income pursuant to section 1.367(b)-5(d)(3) only to the extent that such basis increase does not increase the distributee's basis above the fair market value of such stock and does not diminish the distributee's postdistribution amount with respect to such corporation.

The Sub 3 Liquidation

(1) Provided that the US Business C Subsidiaries and FSub 19 represent no more than h percent of Sub 3's net value immediately before its state law conversion, the Sub 3 Liquidation will constitute a complete liquidation of Sub 3 under section 332 and section 1.332-2(d). In determining h percent, the value of Sub 3 immediately before its deemed liquidation is reduced by \$u.

(2) No gain or loss will be recognized by Distributing or Sub 3 as a result of the Sub 3 Liquidation. Sections 332(a), 336(d)(3), 337(a) and 337(b).

(3) Distributing's basis in each asset received from Sub 3 in the Sub 3 Liquidation will be the same as the basis of that asset in the hands of Sub 3 immediately before the Sub 3 Liquidation. Section 334(b)(1).

(4) Distributing's holding period in each asset received from Sub 3 in the Sub 3 Liquidation will include the period during which that asset was held by Sub 3. Section 1223(2).

(5) Distributing will succeed to and take into account the items of Sub 3 described in section 381(c), subject to the conditions and limitations specified in sections 381, 382, 383 and 384 and the Treasury Regulations thereunder. Section 381(a) and section 1.381(a)-1.

(6) Except to the extent Sub 3's earnings and profits are reflected in Distributing's earnings and profits, Distributing will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 3 as of the date of the Sub 3 Liquidation. Section 381(c)(2)(A) and sections 1.381(c)(2)-1 and 1.1502-33(a)(2).

(7) Any deficit in the earnings and profits of Sub 3 will be used only to offset earnings and profits accumulated after the date of the Sub 3 Liquidation. Section 381(c)(2)(B).

The New FSub D Split-off

(1) The Country I Transaction, by which FSub 12 will transfer the stock of New FSub D to New FSub H, will be treated, for Federal income tax purposes, as if FSub 12 distributed the stock of New FSub D directly to New FSub H in exchange for all of New

FSub H's FSub 12 stock. The issuance of offsetting notes, with identical terms, from FSub 12 to New FSub H and from New FSub H to FSub 12 and the immediate offset and cancellation of those notes, as well as the issuance and redemption of New FSub H preferred stock, will be disregarded.

(2) The Country I Contribution, followed by the New FSub D Split-off, will be a reorganization under section 368(a)(1)(D). FSub 12 and New FSub D will each be "a party to the reorganization" under section 368(b).

(3) FSub 12 will recognize no gain or loss on the Country I Contribution. Sections 357(a) and 361(a).

(4) New FSub D will recognize no gain or loss on its receipt of assets from FSub 12 in the Country I Contribution. Section 1032(a).

(5) New FSub D's basis in each asset received from FSub 12 (including the stock of FSub 13 and FSub 14) will equal the basis of that asset in the hands of FSub 12 immediately before the Country I Contribution. Section 362(b).

(6) New FSub D's holding period in each asset of the Country I Business C received from FSub 12 will include the period during which FSub 12 held that asset. Section 1223(2).

(7) FSub 12 will recognize no gain or loss on the New FSub D Split-off. Section 361(c)(1).

(8) New FSub H will recognize no gain or loss (and will not include any amount in income) on the New FSub D Split-off. Section 355(a)(1).

(9) New FSub H's basis in the stock of FSub D after the New FSub D Split-off will equal the aggregate basis of the New FSub H's stock in FSub 12 held immediately before the New FSub D Spin-off. Section 358(a).

(10) New FSub H's holding period in the stock of New FSub D received in the New FSub D Split-off will include the holding period of the stock of FSub 12 with respect to which the New FSub D Split-off is made, provided that New FSub H held such FSub 12 stock as a capital asset on the date of the New FSub D Split-off. Section 1223(1).

(11) FSub 12 and New FSub D will allocate their earnings and profits, if any, in accordance with Section 312(h) and sections 1.312-10(a) and 1.1502-33(f)(2).

(12) FSub 12's transfer of its assets to New FSub D in the Country I Contribution will be an exchange to which sections 1.367(b)-1(c) and 1.367(b)-4(a) apply.

(13) FSub 12's transfer of the New FSub D stock to New FSub H is a distribution to which sections 1.367(b)-1(c), 1.367(b)-5(a), 1.367(b)-5(d) and 1.367(b)-5(f) apply. If

New FSub J's or New FSub H's postdistribution amount with respect to FSub 12 or New FSub D is less than New FSub J's or New FSub H's predistribution amount with respect to FSub 12 or New FSub D, New FSub J or New FSub H or both must include such amount in income as a deemed dividend from such corporation. Such income shall not be foreign personal holding company income under Section 954(c). Any basis increase provided in Section 1.367(b)-2(e)(3)(ii) shall apply to a deemed dividend that is included in income pursuant to section 1.367(b)-5(d)(3) only to the extent that such basis increase does not increase the distributee's basis above the fair market value of such stock and does not diminish the distributee's postdistribution amount with respect to such corporation.

The Spin-off

- (1) At the time of New LLC's conversion into a corporation under State A law, for Federal tax purposes, Distributing will be treated as contributing the US Business C Subsidiaries, New FSub G, and FSub 19 to Controlled in exchange for Controlled stock and the Controlled Cash, which, together with the Spin-off, will be a reorganization under section 368(a)(1)(D). See section 301.7701-3(g)(1)(i). Distributing and Controlled will each be "a party to the reorganization" under section 368(b).
- (2) Distributing will recognize no gain or loss on the deemed contribution of the Controlled Assets to Controlled provided that Distributing distributes all of the Controlled Cash to its shareholders as Shareholder Buyback Payments within the Permitted Time Frame. Sections 357(a), 361(a), and 361(b)(1)(A).
- (3) Controlled will recognize no gain or loss on its deemed receipt of the Controlled Assets from Distributing. Section 1032(a).
- (4) Controlled's basis in each of the Controlled Assets received from Distributing will equal the basis of that asset in the hands of Distributing immediately before the Spin-off. Section 362(b).
- (5) Controlled's holding period in each of the Controlled Assets received from Distributing will include the period during which Distributing held that asset. Section 1223(2).
- (6) Distributing will recognize no gain or loss on the distribution of the stock of Controlled to Distributing's shareholders in the Spin-off. Section 361(c)(1).
- (7) Distributing's shareholders will recognize no gain or loss (and will not include any amount in income) on their receipt of the stock of Controlled from Distributing in the Spin-off. Section 355(a)(1). This ruling does not address the tax treatment of persons receiving Unrestricted Controlled Shares (See Caveat section below).

(8) The basis in the stock of Distributing and the stock of Controlled held by Distributing's shareholders after the Spin-off will equal the aggregate basis of the Distributing stock that Distributing's shareholders held immediately before the Spin-off, allocated between the Distributing stock and the stock of Controlled in proportion to their relative fair market values at the time of the Spin-off in accordance with section 1.358-1(a). Section 358(b) and (c).

(9) The holding period of Distributing's shareholders in the stock of Controlled received in the Spin-off will include the holding period of the stock of Distributing with respect to which the Spin-off is made, provided that Distributing's shareholders held such Distributing stock as a capital asset on the date of the Spin-off. Section 1223(1).

(10) Distributing and Controlled will allocate their earnings and profits, if any, in accordance with Section 312(h) and sections 1.312-10(a) and 1.1502-33(e)(3).

(11) To the extent that Distributing uses the Controlled Cash to make Shareholder Buyback Payments within the Permitted Time Frame, no gain or loss will be recognized by Distributing upon the receipt of Controlled Cash from Controlled. Section 361(b).

(12) Gain, if any, but not loss, shall be recognized by the shareholders of Distributing on the receipt of Shareholder Buyback Payments. Section 356(a) and (c).

(13) Following the Distribution, Controlled will not be a successor of Distributing for purposes of section 1504(a)(3). Therefore, Controlled and its direct and indirect subsidiaries that are "includible corporations" (under section 1504(b)) and satisfy the ownership requirements of section 1504(a)(2) will be members of an affiliated group of corporations entitled to file a consolidated Federal income tax return with Controlled as the common parent.

(14) The earnings and profits of New FSub G and New FSub D, to the extent attributable to such stock under sections 1.1248-2 or 1.1248-3 (whichever is applicable) that were accumulated in tax years of such foreign corporations beginning after December 31, 1962, and during the period in which such corporations were controlled foreign corporations, will be attributable to such stock held by Controlled. Section 1.1248-1(a)(1).

(15) Any payment by Distributing to Controlled pursuant to the Tax Sharing Agreement, to the extent such payment relates to a period that ended on or before the date of the Spin-off, will be treated as a nontaxable contribution by Distributing to the capital of Controlled at a time when the two corporations filed a consolidated Federal income tax return.

(16) Any payment by Controlled to Distributing pursuant to the Tax Sharing Agreement, to the extent such payment relates to a period that ended on or before the date of the

Spin-off, will be treated as a distribution by Controlled to Distributing at a time when the two corporations filed a consolidated Federal income tax return.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

Specifically, we express no opinion regarding the restructuring of entities referenced in Step (1) of the Proposed Transaction.

We express no opinion as to the tax consequences for Distributing upon the distribution (in the Spin-off) of Unrestricted Controlled Shares. We also express no opinion as to the tax consequences for the recipients of Unrestricted Controlled Shares.

We express no opinion as to the tax treatment of the New FSub G Transactions. In particular, we express no opinion on whether the New FSub G Distribution is a distribution under section 301, section 355, or any other provision of the Code. We express no opinion as to the tax treatment of the New FSub G Transfer. Further, we express no opinion as to Distributing's basis in the stock of New FSub G at the time of Distributing's deemed contribution of the New FSub G stock to Controlled.

We express no opinion on whether the New FSub E Contribution, the New FSub F Contribution, the Sub 2 Contribution, the New FSub H Contribution, and the New FSub J Contribution qualify under section 351.

No opinion is expressed as to whether the loan relating to Borrowed Cash results in an investment in U.S. property within the meaning of section 956.

Except as specifically ruled above, no opinion is expressed concerning the Federal income tax consequences of the transactions described above. Specifically, no opinion is expressed regarding the following:

1. The adjustments to earnings and profits or deficits in earnings and profits, if any, in any of the transactions to which sections 367(a) or (b) apply.
2. To the extent not otherwise specifically ruled upon above, any other consequences under section 367 on any internal restructuring transaction in this ruling letter.
3. The application of section 1503(d) to any dual resident corporation that is involved in a putative triggering event in connection with any of the transactions described above.

4. Whether any or all of the above-referenced foreign corporations are PFICs within the meaning of section 1297(a). If it is determined that any such corporations are PFICs, no opinion is expressed with respect to the application of sections 1291 through 1298 to the proposed transactions. In particular, in a transaction in which gain is not otherwise recognized, regulations under section 1291(f) may require gain recognition notwithstanding any other provisions of the Code.

Further, we express no opinion regarding whether the terms of the Continuing Agreements, the Transitional Services Agreements, the Tax Sharing Agreement, and APA represent arms'-length terms.

To the extent that the terms of any of the Transitional Services Agreements are not arms'-length, adjustments should be made to reflect any difference between the true fair market value and the amount of any actual payment made by Distributing (or any of its subsidiaries) to Controlled (or any of its subsidiaries) or by Controlled (or any of its subsidiaries) to Distributing (or any of its subsidiaries) as if it were a contribution or distribution made as part of the Proposed Transactions.

Payments made in connection with the Continuing Agreements between Distributing (or any entity owned by Distributing) and Controlled (or any entity owned by Controlled) shall be for fair market value. We express no opinion on what adjustments to income, if any, may be necessary due to transactions between Distributing (or any of its subsidiaries) and Controlled (or any of its subsidiaries) under the terms of such agreements.

Procedural Statements

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Marlene P. Oppenheim
Senior Counsel, Branch 5
Office of Associate Chief Counsel (Corporate)